

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 EB-08 COME-00 TRSE-00  
CIAE-00 DODE-00 PM-05 H-01 INR-07 L-03 NSAE-00  
NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01  
CU-02 /079 W

-----040794 020914Z /12

R 020747Z AUG 77

FM USLO PEKING

TO SECSTATE WASHDC 8316

INFO AMEMBASSY MOSCOW

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ETRD CH

SUBJ: PRC FOREIGN TRADE CONFERENCE JULY 14-28

1. SUMMARY. A NATIONAL FOREIGN TRADE CONFERENCE ON LEARNING FROM TACHING AND TACHAI WAS HELD IN PEKING JULY 14-28. VICE PREMIER LI HSIEN-NIEN CALLED FOR STILL GREATER ACHIEVEMENTS IN FOREIGN TRADE, CRITICIZED THE GANG OF FOUR FOR SERIOUSLY INTERFERING WITH FOREIGN TRADE, AND SAID THAT FOREIGN TRADE WORK IS IMPORTANT TO THE REALIZATION OF THE FOUR MODERNIZATIONS. VICE PREMIER YU CHIU-LI PREDICTED A LARGE EXPANSION OF CHINA'S FOREIGN TRADE AND STRESSED LEARNING FROM THE GOOD POINTS OF FOREIGN NATIONS. BUT HE ALSO CAUTIONED THAT CHINA MUST REMAIN BASICALLY SELF-RELIANT. THE CONFERENCE APPEARS DESIGNED TO UNDERSCORE THE IMPORTANT ROLE TO BE PLAYED BY FOREIGN TRADE IN THE DEVELOPMENT OF THE CHINESE ECONOMY, AS WELL AS TO ENCOURAGE THOSE IN THE FOREIGN TRADE FIELD WHO

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FOUND THEMSELVES UNDER SEVERE POLITICAL ATTACK LAST YEAR. END SUMMARY

2. A NATIONAL FOREIGN TRADE CONFERENCE ON LEARNING FROM TACHING AND TACHAI WAS HELD IN PEKING JULY 14-28, ACCORDING TO A PEOPLE'S DAILY FRONT PAGE ARTICLE ON JULY 29. DESCRIBED AS THE LARGEST FOREIGN TRADE MEETING

SINCE LIBERATION, THE CONFERENCE WAS ATTENDED BY 1,400 PEOPLE FROM PEKING AND REGIONAL ORGANIZATIONS ENGAGED IN FOREIGN TRADE WORK AND WAS PRESIDED OVER BY LI CHIANG, MINISTER OF FOREIGN TRADE, ON JULY 26 VICE PREMIER LI HSIEN-NIEN DELIVERED AN "IMPORTANT" SPEECH AND VICE PREMIER YU CHIU-LI PRESENTED A "REPORT" TO A SESSION THAT WAS ALSO ATTENDED BY VICE PREMIERS CHI TENG-KUEI, CHEN YUNG-KUEI, WU KUEI-HSIEN, WANG CHEN, AND KU MU.

3. IN HIS SPEECH, LI HSIEN-NIEN PRAISED THE ACHIEVEMENTS OF CHINA'S FOREIGN TRADE AND THE PERSONNEL ENGAGED IN FOREIGN TRADE WORK, BUT SAID THAT THE GANG OF FOUR HAD SERIOUSLY UNDERMINED THIS SECTOR OF THE ECONOMY IN RECENT YEARS. HE CALLED FOR GREATER EFFORTS TO DEVELOP FOREIGN TRADE SO THAT IT CAN PLAY AN IMPORTANT ROLE IN REALIZING THE MODERNIZATION OF AGRICULTURE, INDUSTRY, NATIONAL DEFENSE AND SCIENCE AND TECHNOLOGY.

4. YU CHIU-LI'S REPORT TO THE CONFERENCE STRESSED HEAVILY THE NEED FOR CHINA TO MAINTAIN ITS BASIC SELF-RELIANCE IN ITS DRIVE TO DEVELOP THE ECONOMY. IF CHINA DEPARTS FROM ITS PATH OF SELF-RELIANCE, YU ASSERTED, IT WILL CERTAINLY NOT REALIZE THE "FOUR MODERNIZATIONS" NOR WILL IT CATCH UP WITH AND SURPASS LIMITED OFFICIAL USE

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THE INDUSTRILLY DEVELOPED CAPITALIST COUNTRIES. HOWEVER, YU ALSO OBSERVED THAT "SELF-RELIANCE HAS NOTHING IN COMMON WITH A 'CLOSED-DOOR' POLICY." INVOKING MAO'S INJUNCTION TO LEARN FROM THE GOOD EXPERIENCES OF OTHER COUNTRIES, YU EMPHASIZED THE IMPORTANT ROLE WHICH FOREIGN TRADE WILL PLAY IN HELPING TO REALIZE THE FOUR MODERNIZATIONS AND PREDICTED A BIG INCREASE IN THE VOLUME OF FOREIGN TRADE.

5. VICE PREMIER YU URGED FOREIGN TRADE WORKERS TO STUDY INTERNATIONAL MARKETS, DO A STILL BETTER JOB OF IMPORTING ADVANCED TECHNOLOGY AND EQUIPMENT, UNDERSTAND DOMESTIC NEEDS OF CHINA'S PRODUCTION AND CONSTRUCTION, AND TO IMPORT NEEDED RAW MATERIALS AND SUPPLIES TO SUPPORT AGRICULTURAL PRODUCTION AND LIGHT INDUSTRY. AS FOR EXPORTING, YU CALLED FOR THE PRODUCTION OF MORE PRODUCTS FOR SALE ABROAD. IN PARTICULAR, CHINA SHOULD INCREASE THE EXPORT OF

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AGRICULTURAL AND SIDELINE PRODUCTS, LIGHT INDUSTRIAL PRODUCTS, AND TEXTILES, BUT AT THE SAME TIME EFFORTS SHOULD BE MADE TO INCREASE THE RATIO OF INDUSTRIAL AND MINING PRODUCTS EXPORTED TO THESE GOODS. TO ENSURE THAT CHINA'S GOODS ARE ACCEPTABLE IN FOREIGN MARKETS, STRICT ATTENTION SHOULD BE PAID TO IMPROVING THE VARIETY AND QUALITY OF EXPORT PRODUCTS AND TO DOING A BETTER JOB IN PACKING. IN ACCOUNTING, FOREIGN TRADE WORKERS WERE ENJOINED TO BE ACCURATE IN THEIR CALCULATIONS, PAY ATTENTION TO COST ACCOUNTING, AND ACCUMULATE MORE FUNDS FOR THE STATE. YU ALSO STRESSED THE NECESSITY OF SENIOR FOREIGN TRADE WORKERS PROVIDING BETTER TRAINING FOR STAFF MEMBERS.

6. TO EMPHASIZE THE IMPORTANCE OF FOREIGN TRADE, YU STRESSED THAT IT IS THE CONCERN OF THE ENTIRE PARTY AND NOT ONLY THE RESPONSIBILITY OF A SINGLE MINISTRY. PROVINCES, MUNICIPALITIES, AUTONOMOUS REGIONS,  
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MINISTRIES, AND COMMISSIONS SHOULD ALL PLACE FOREIGN TRADE ON THEIR "DAILY AGENDA."

7. COMMENT. THIS CONFERENCE CLEARLY UNDERLINES THE HIGH IMPORTANCE WHICH CHINA'S LEADERS ASCRIBE TO THE ROLE OF FOREIGN TRADE -- AND IN PARTICULAR TO THE IMPORTATION OF ADVANCED EQUIPMENT, MACHINERY, AND TECHNOLOGY -- IN THE DEVELOPMENT OF CHINA'S ECONOMY. IT REPRESENTS YET ANOTHER RETURN TO THE ECONOMIC POLICIES OUTLINED BY CHOU EN-LAI AND TENG HSIAO-PING AND INDICATES HOW SERIOUSLY CHINA NEEDS THE ADVANCED TECHNOLOGY WHICH WILL SUPPORT THE IMPLEMENTATION OF THOSE POLICIES. THERE IS NO DOUBT THAT THE CONFERENCE WAS DESIGNED TO ENCOURAGE PERSONNEL IN THE FOREIGN TRADE SECTOR, PARTICULARLY THOSE WHO SUFFERED HEAVY CRITICISM FROM THE GANG OF FOUR IN THE PAST.

8. DESPITE THE OPTIMISTIC STATEMENTS, CHINA'S ABILITY IN THE SHORT RUN TO SIGNIFICANTLY INCREASE ITS VOLUME OF TRADE IS SERIOUSLY LIMITED. EXPORTS CAN BE EXPANDED ONLY GRADUALLY AND, GIVEN CONTINUED PRC INSISTENCE ON MAINTAINING APPROXIMATE BALANCE IN ITS TRADE ACCOUNT, IMPORTS THEREFORE CAN BE EXPANDED ONLY GRADUALLY ALSO (PARTICULARLY THIS YEAR AND IN 1978, IN LIGHT OF CHINA'S EXEPTIONALLY LARGE PURCHASES OF AGRICULTURAL PRODUCTS). INCREASED USE OF DEFERRED PAYMENTS FOR MAJOR PURCHASES, HOWEVER, COULD GIVE CHINA SOME LEEWAY TO BUY THE COMPLETE PLANTS IT NEEDS. IN THE COMING MONTHS, WE EXPECT TO SEE A VIGOROUS DRIVE BY THE FOREIGN TRADE CORPORATIONS TO FIND ADDITIONAL WESTERN MARKETS FOR CHINA'S EXPORTS, COUPLED WITH AN ACTIVE PROGRAM OF DISCUSSIONS AND NEGOTIATIONS WITHWESTERN CORPORATIONS TO BECOME ACQUAINTED IN DETAIL WITH THE WIDE RANGE OF PRODUCTS LIMITED OFFICIAL USE

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WHICH THE PRC WILL NEED TO IMPORT IN THE NEXT FEW YEARS.  
WOODCOCK

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